American Rescue Plan Act Workforce Development Grant: Lessons learned show the County needs to improve accountability of results and spending

November 2024

Kristine Adams-Wannberg, CIA, CGAP

Washington County Auditor

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Kristine Adams-Wannberg
Washington County Auditor

November 18, 2024

Dear Washington County Community Members:

This report contains the results of our audit on the County's American Rescue Plan Act (ARPA) Workforce Development grant. The County received approximately $2.9 million in federal money to stabilize and strengthen the County's local workforce recovery affected by the COVID-19 pandemic. Federal grants are important because they help local government finance a wide range of programs and services for their residents.

The County was not prepared to administer the ARPA grant funds for workforce recovery support during the Covid-19 pandemic. As a result, the County cannot say the intended ARPA framework workforce development goals were achieved.

We found insufficient County policies and no procedures to guide staff in grant and contract management. Inadequately developed contracts and internal controls resulted in little assurance that program and financial activities and costs were allowable. We also found some of the community partners were not prepared to take on federal compliance requirements.

We present these findings with the explicit acknowledgement of the difficulties the County, its community partners, and residents faced during the pandemic. Our recommendations are intended to help strengthen controls and apply lessons learned as a way to better prepare the County in the future.

We thank the community partners as well as County managers and staff in the County Administrative Office and Finance Department for their cooperation and assistance throughout the audit. We give a special thanks to the Department of Assessment and Taxation for their geographic information system assistance.

Thank you,

Kristine Adams-Wannberg

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Report Highlights

Why this Audit is Important

The federal government provided $116.8 million in grants through the American Rescue Plan Act (ARPA). This money was to help Washington County respond to the impacts of the pandemic.

Washington County allocated $2.9 million to support long-term economic recovery through employment opportunities to:

- Ensure adequate capacity in the workforce development system.
- Assist workers with finding jobs.
- Help private industry to find workers.
- Build partnerships with community organizations who would retrain, reskill, and provide wraparound support needed to workers.

What We Found

The County was under pressure and was not prepared to effectively administer and oversee federal grant funds for workforce development. We found:

- The lack of County policies and procedures left staff without key resources.
- Contracts were insufficiently developed to ensure program accountability.
- Community partners took on federal compliance requirements that not all were prepared to do.
- Many financial controls were insufficient to give assurance the grant activities and costs were allowable.

What We Recommend

We make the following recommendations:

- Develop Countywide grant procedures.
- Update County Contract Administration Policy 403 and develop supporting procedures.
- Develop a process to ensure contract administration training is completed.
- Align new and modified contracts with Board direction in the ARPA Framework and federal compliance.
- Develop a new grant risk assessment tool.
- Require contracts to document how beneficiaries are eligible.
- Develop a grant monitoring plan.
- Establish, document, and implement processes to collect and verify program data.
- Improve internal controls over financial and program activities.
- Review and monitor indirect costs.

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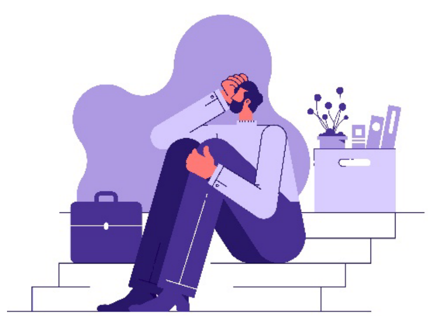
Background

Grant efforts were to focus on communities economically impacted by the pandemic

The U.S. Congress passed the American Rescue Plan Act (ARPA) in March 2021. In July, the federal government issued a Notice of Funding Opportunity to help state and local governments assist communities impacted by the pandemic, particularly those in historically underserved communities. The timeframe to use the funds was March 3, 2021, to December 31, 2024. As long as the service obligation was made by December 31, 2024, though, the funds could be used to pay it through December 31, 2026.

The federal government gave approximately $116.8 million in ARPA funding to Washington County. Much of the first distribution of money went to support public health and community support services, such as contact tracing, vaccines, testing, and food during the pandemic. The County allocated about $2.9 million of the $116.8 million to workforce recovery, with the intent to support long-term economic recovery through employment opportunities.

The Washington County Board of Commissioners approved the ARPA Investment Area Framework in 2021. One of its goals was to ensure adequate capacity in the workforce development system by helping workers find jobs and for private industry to find workers within the county. The County partnered with community organizations to provide low-income workers and unemployed residents impacted by the pandemic job training, reskilling programs, wraparound support, and connect its residents to quality jobs.



The County tasked a new program to implement the grant amidst changing federal regulations

The County assigned oversight of the $2.9 million for workforce recovery to its Economic Development program. The County had few resources to help the program administer the grant. It recognized the need to partner with community organizations who have the technical expertise and relationships to provide these workforce services.

The County established contracts with the nine community partners. Some examples of the services provided were training, career coaching, job placement assistance, and support services.

Figure 1: Factory workers

Source: https://www.123rf.com

Managing the $2.9 million for pandemic workforce recovery efforts was a significant, added responsibility on top of the Economic Development program expectations. This was challenging because the program was new, the County had no grant management procedures, and the financial policies were insufficient to provide any direction to departments.

The Economic Development program was created in 2019 to focus on programs and initiatives that stimulate the economy within the county. The County hired the program's first manager in March 2021 with the expectation of developing the program from the ground up. The aim was to create, develop, and implement the County's program to promote economic equity and the County's economic competitiveness.

Federal grants take significant time and effort to manage because of numerous laws and regulations. This situation was more complicated because the applicable federal regulations changed frequently.

As the Workforce Development program was developing the community partners' contracts, the individual hired to assist the manager administer the ARPA grant resigned. The manager ended up being overwhelmed trying to move the Economic Development program forward while also administering the grant. The County's central Finance Department, which also faced staffing capacity challenges, stepped in to provide technical assistance while the department manager worked to hire another individual.

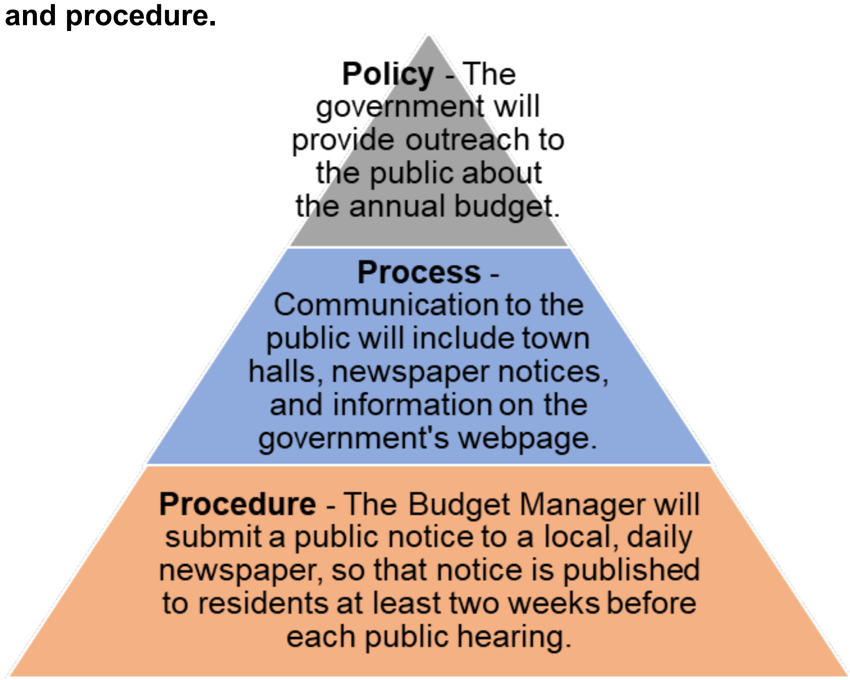
Finding 1

Lack of County policies and procedures left staff without key resources.

Federal grants are complex because they come with many legal requirements that must be followed, such as monitoring subrecipient subawards and following specific program and financial reporting. An organization's grant policies and procedures are intended to help staff administer grants. Policies provide a framework that gives strategic direction and describes how the organization wants staff to approach and manage the work.

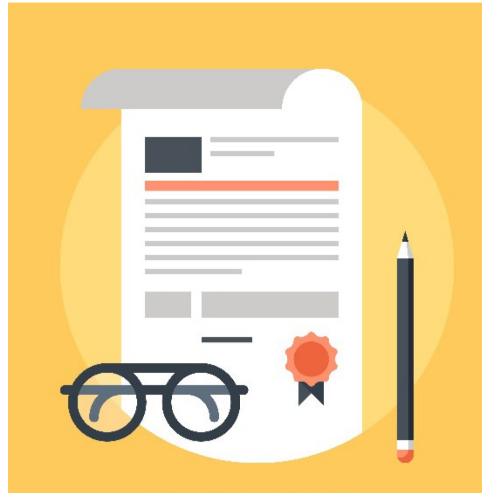
Our 2023 County Financial Policies Audit found the County lacks several important financial policies and the grant policy was insufficient. The Finance Department is in the process of developing new policies.

Figure 2: Example of the difference between policy, process, and procedure.



Source: County Auditor's Office

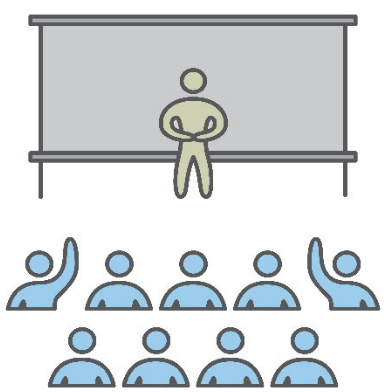
In Washington County, grant management is decentralized and requires each department to administer its own grants. This can be challenging without sufficient Countywide policies and procedures, particularly for small offices.



Without policies and procedures, staff may struggle to properly implement grants, and this may lead to the County having sanctions imposed for not complying with the requirements.

Other than the federal regulations, the Economic Development program was to follow the County's Administrative Policy 403 on Contract Administration. The County adopted this policy in 2019. It outlines responsibilities and restrictions for all contract administrators.

Like grant administration, contract administration is decentralized and the responsibility of each department. Each contract administrator is considered a subject matter expert for their contract and vendor management. Policy 403 requires anyone serving as contract administrator to have adequate education, training, professional experience and that they follow the responsibilities and restrictions outlined in the policy.



We found Policy 403 was out of date. The County lacks supporting Countywide procedures, and a process to ensure contract administrators complete the training and certification.

We heard the required training is not usually completed by contract administrators. Without oversight, training, and documented, updated policies and procedures for how the County intends contracts to be administered, there can be problems such as non-compliance with laws and regulations, weak monitoring, and paying for goods and services that are not fulfilled.

Recommendations for Finding 1

Recommendation 1-1: Develop Countywide grant procedures

The County Administrator, through the Finance Department, should create, document, and implement Countywide grant procedures.

Recommendation 1-2: Update Policy 403 and develop supporting Countywide procedures

The County Administrator, through the Finance Department, should update County Contract Administration Policy 403 and assign oversight for the policy. The Department should develop procedures to support the policy.

Recommendation 1-3: Develop a process to ensure contract administration training is completed

The County Administrator, through the Finance Department, should develop a process for ensuring the required training is completed for all contract administrators.

Finding 2:

Contracts were insufficiently developed to ensure program accountability

An average of 200 days delay in getting contracts approved created financial burdens for some community partners

Washington County made contractual agreements with nine community partners. When the County established the agreement, the County became a pass-through entity, and the organizations receiving the funds became the subrecipient. Federal regulations have several compliance requirements of recipients (the County) and subrecipients (community partners) and other suggested recommendations when making an agreement, such as oversight, risk assessments, monitoring, and internal controls.

Federal grants require work to be completed during what is known as the "period of performance". This is the time when services and costs for the federal grant activities can take place and be reimbursed. We met with community partners at their site locations. We heard that eight of the community partners provided services at the start of their period of performance. All eight did this work without a contract.

A "period of performance" is the timeframe when activities for a grant can occur and be reimbursed with grant money.

The County's Contract Administration Policy 403 also has several requirements and restrictions. Some examples include not authorizing or allowing work to begin until after the contract is fully executed or to only pay for work/invoices specified in the contract.

We met with each partner to get an understanding of their program and activities, to ask about each partner's interaction with the County, and to obtain program and financial data. Many partners reported a good relationship with County staff. We also heard that for many, the contract delay was very frustrating, because they were not reimbursed for any activities until the contract was authorized. For many of the partners, the only interaction with County staff was the monthly notification to provide the contractually required financial reporting. For the majority of the partners, no one from the County has ever come out to their organization in person regarding the ARPA workforce development grant.

Our review of the contracts showed community partners waiting between 123 to 277 days for the County to authorize their contracts, with the average delay of 200 days. We heard from some partners this created cash flow problems in covering their costs. It also meant without signed contracts, the County had no legal assurance that any of the work performed aligned with the proposed grant activities and focused on the intended beneficiaries.

Figure 3: Reception area of one of the community partners.

Source: County Auditor's Office

Contracts were out of alignment with Board direction in the ARPA framework

The County efforts for workforce recovery support were to help residents find jobs. The County targeted two groups that fell under the impacted population: unemployed and low income. The County goals were to:

- Ensure adequate capacity in the workforce development system.
- Assist workers with finding jobs.
- For private industry to find workers.

The County expanded the intended beneficiary during its Request for Expression of Interest. This included youth, marginalized communities, incumbent workers, and any individual who otherwise faced negative economic consequences from COVID-19 pandemic.

The contracts required each community partner to report aggregated data each quarter. This included the following information:

- Number of workers enrolled in sectoral[1] job training programs,
- Number of workers completing sectoral job training programs, and
- Number of people participating in summer youth employment programs.

The contract requirements for final reporting varied widely by community partner. Some were required to provide defined, detailed metrics while others were not.

The required data reporting did not align with the intended County ARPA framework goals. Instead, it aligned the data to U.S. Treasury expenditure categories. While it is important for the program to meet federal compliance requirements, not all contracts included a requirement that beneficiaries be Washington County residents. None of the contracts required sufficient information to prove the intended beneficiaries were eligible and data to support and track the goals. Because of this the County cannot tell if the program goals were achieved.

Programmatic reporting required community partners to provide information on key performance indicators, milestones, challenges, barriers based on their proposal and contracts. The partners did complete these, providing narrative and quantitative information. We found the County had insufficient steps to document, track, and verify these metrics. This would have provided some support for how each partner was meeting the contracted activities and compliance requirements. Some of these metrics included proposed targeted beneficiaries, proposed participants to actual, metrics relating to each type of sectoral focused training provided, and actual workers finding jobs including the targeted industry.

[1] "Sectoral" is a federal required reporting category not defined in any SLFRF guidelines, FAQ's or other federal documents.

Figure 4: Farm run by one of the community partners

Source: County Auditor's Office

Pre-award risk assessments were insufficient and resulted in inadequate monitoring

Federal regulations required the County to evaluate the risk of the community partner not complying with the grant requirements. The risk assessment included, for example, reviewing the sufficiency of a partner's financial policies and procedures, whether there has been significant staff turnover, if there are findings from the partner's most recent financial audit, and staff experience with federal grants. The reason for this risk assessment is for the County to identify the level and extent of monitoring activities needed with each partner to ensure the money was spent appropriately.

Figure 5: Example of a few questions on the County's pre-award risk assessment form with example score

CFDA No

Washington County Subrecipient Pre-award Risk Assessment Form

For 5 & 6, one point for each of the items that are applicable for this subrecipient:

5. INTERNAL ENVIRONMENT:	1 point for each	
☐ Change in accounting/computer system	=	
☐ Decentralized management	=	
☒ Change in management	= 1	
☒ Personnel turnover	= 1	
☒ Rapid growth of organization	= 1	
☒ Several types of programs offered	= 1	
☐ Complicated vs simple types of programs	=	
☒ Remoteness of location	= 1	
☒ Number of locations	= 1	
☒ Reorganizations, restructuring or downsizing	= 1	
☐ Fraudulent activities	=	
☐ Major changes in policy or procedures	=	= 7
Comments:		

6. EXTERNAL ENVIRONMENT	1 point for each	
☐ Safety/environmental concerns	=	
☒ Change in business conditions, climate, industry	= 1	
☒ Change in economic trends (significant losses or change in funding)	= 1	
☐ Confidentiality of data	=	
☐ Volatile political events or excessive political pressure	=	
☐ Heavy government regulations and reporting	=	
☐ High legal exposure	=	
☐ Negative media reports	=	
☐ Media exposure (public scrutiny)	=	= 2
Comments:		

Source: Washington County program files

To comply with federal requirements the County designed and completed a risk assessment with each community partner. The assessment consisted of a set of 16 topic areas and subareas, with some having more points available than others. A risk level of high, medium, or low was assigned based on the total score, and a monitoring plan was created, if needed, according to the professional judgement of the staff filling out the assessment.

Figure 6: Risk levels and suggested guidelines on County's pre-award risk assessment form.

35
Total Score

a) Determine subrecipient monitoring plan based on the following risk assessment guidelines:

Score	Subrecipient Risk Level	
≤ 25	Low	Annual submission of financial statements and related reports outlined below
26 - 75	Medium	Annual submission of financial statements and related reports outlined below
≥ 76	High	Submission of semi-annual financial statements and related reports outlined below

Source: Washington County program files

While the template met federal compliance requirements, it was insufficiently designed. It did not reasonably and sufficiently determine the risk level of community partners' non-compliance with grant requirements. We reviewed the template and the risk assessments completed for each County agreement. Every Community Partner Pre-Award Risk Assessment Monitoring Plan was either blank or indicated there was no additional monitoring required outside of financial and programmatic reporting as described in articles 1 and 2 of the contract.

No documented methodology:

We found no methodology to explain how the assessment was developed. For example, there was no documentation on how the assessment aligns to the County's risk tolerance. There was no explanation of how scores were developed and justification for weighting some topic areas more than others.

For example, one of the questions had a subquestion about confidentiality of data. This risk factor is important, because the County wanted the partners to retain and protect all data, including personally identifiable information of beneficiaries.

The template's maximum score on this element was one point out of a total of 76 points.

Professional judgements made about scoring were unclear:

We found limited documentation about how risks were considered and scores assigned. The assessment, for example, included risk topics about whether organizations had a fiscal policy and procedure manual and whether the manual was well developed. The County assessed this factor in each partner assessment with a zero risk score. Our review of the partners' financial policies and procedures showed some lacked several key policies and procedures necessary for good control. Additionally, we found the majority of partners had no policies and procedures for managing the program, which was not considered in the risk assessment. These would have increased their risk scores for those organizations.

As another example, the assessment included the results of visits to the partner site locations related to the federal grant. The scores for all partners assessed were zero with the exception of one who scored one, new award/no history. We heard from County staff that site visits were done, but the majority of community partners reported County staff never came to their organization.

One of the assessments had no questions completed, a score of zero, and yet the partner was assigned a medium risk.

Figure 7: Risk assessment results of one community partner.

RISK ASSESSMENT RESULTS	
Assessment based on the following documents and sources : EVALUATION IS BASED ON THE FOLLOWING FINANCIAL AND SUPPORTING DOCUMENTS PROVIDED TO WASHINGTON COUNTY BY CONTRACTOR: (1) 2021 PROFIT & LOSS STATEMENT, (2) 2021 BALANCE SHEET, (3) Financial Controls, (4) Record Retention Policy. Meeting 9/28/2022 to go over financial system and process and risk of non-compliance [redacted]	
Assessed Risk Measure: (See last page for instructions) Risk Level: Medium	Score: 0

Source: Washington County program files

The results of the assessment made it so that the County's monitoring activities in the contracts were limited to high-level checks of program performance and financial information. When we asked why there was limited monitoring, staff indicated they felt the high-level monitoring was enough based on the type of activities and risk analysis.

Monitoring is how the funding organizations make sure they are obtaining what they paid for and the party receiving the money is following the contract expectations. Without effective monitoring the County cannot give assurance that the services paid for were in compliance with federal regulations and the County agreements established with the community partners.

Contracts did not require providers to document how beneficiaries were eligible

None of the contracts required community partners to obtain and maintain adequate information that proved beneficiaries were eligible for services and were Washington County residents. Federal requirements state that the grant funds may be used for people with barriers to employment who faced negative economic impacts

Figure 8: Student and teacher in carpentry class

Source: https://www.123rf.com

by the pandemic. It also established criteria to identify people impacted or disproportionally impacted. This included, for example, county residents that are unemployed, low income, have housing insecurity, are eligible for Medicaid benefits, etc. We found the majority of the partners were not aware of the criteria and expectations.

We asked each partner how they were determining eligibility, beneficiaries' Washington County residency, conducting outreach to disadvantaged communities, and how they were monitoring beneficiaries. Each partner accepted beneficiary self-attestation without any supporting documentation. Some partners reported they accepted anyone. Some partners said they checked for eligibility but could provide no information at the time of our site visitation. The County acknowledged that this requirement was not in the partner contracts, adding that County staff had no capacity or in house systems to do this work, and they were unsure of the providers ability and capacity to do it.

Recommendations for Finding 2

Recommendation 2-1: Align new and modified contracts with Board direction in the ARPA Framework in addition to federal compliance

The County Administrator, through the Economic Development program, should align new or modified grant contracts with Board direction in the ARPA Framework. This is in addition to federal compliance requirements.

Recommendation 2-2: Develop a new grant risk assessment tool

The County Administrator, through the Finance Department, should develop a new grant risk assessment tool. This tool should include a methodology on the basis for assessment and establishing the information needed to document the professional assessment.

Recommendation 2-3: Require documentation in contracts to evidence how beneficiaries are eligible

The County Administrator, through the Economic Development program, should incorporate in any new or modified grant contracts, that the partners document beneficiaries' eligibility.

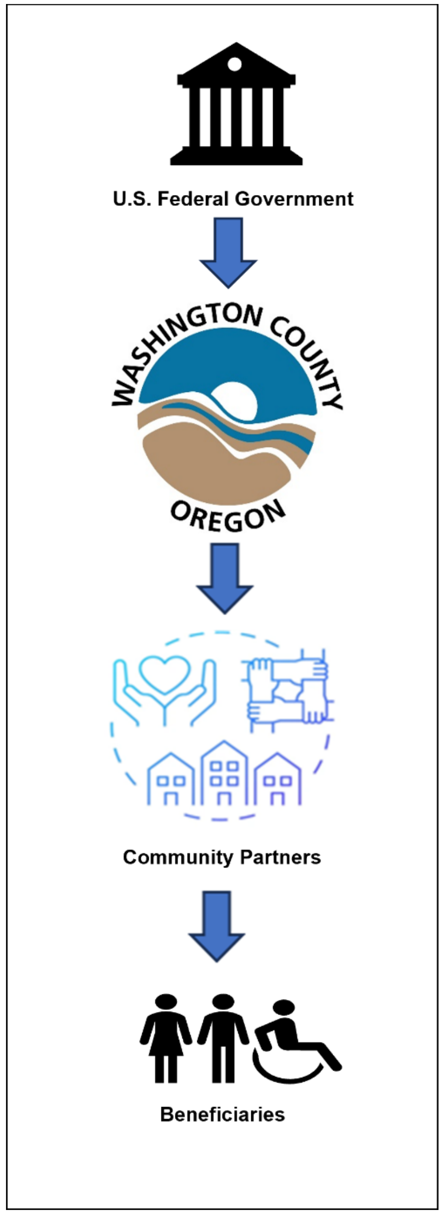
Finding 3:

Community partners took on federal compliance requirements that not all were prepared to do

When the County accepts federal grant money and passes it on to another organization, it constitutes a “subaward”. Federal requirements state that when a grant award is passed on to a subrecipient, it creates a new relationship. That relationship assigns the grant responsibilities and restrictions not only to the County, but also to the community partner through the contract.

The community partner becomes the subrecipient and responsible for ensuring program beneficiaries are eligible to receive benefits, performance measurement and program data results are reliable, program decision-making is in line with the grant requirements, and the grant money is spent in line with federal regulations and for purposes authorized by the grant. The County then becomes responsible for oversight and monitoring.

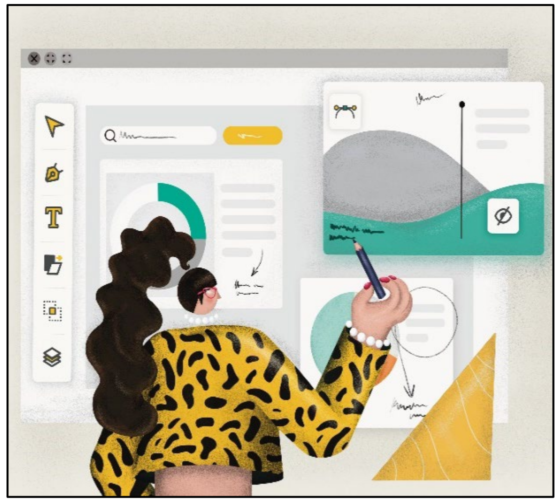
Figure 9: Flow of ARPA Money



Source: County Auditor’s Office

Performance reporting was at high-level and the program achievements could not be verified

We reviewed information to determine if the County and community partners achieved the workforce goals as agreed to in the County agreements. Community partners were required to provide performance reports at an aggregated level that aligned with federal reporting requirements. The County also did not want to handle any personally identifying information.



We did two types of testing. First, we looked at the County's efforts to track and monitor the community partners' activities to gain assurance that the County was meeting its goals. Second, we requested community partner data for a judgmental sample to check whether beneficiaries were eligible. For example, we looked for beneficiaries with duplicate entries, documentation that they were negatively, economically impacted from the pandemic, and that they were Washington County residents.

Partner data could not be reconciled to the County's program tracking spreadsheet and quarterly reporting to see if the County achieved its goals for the grant. The tracking spreadsheet was not up to date and the required program reporting did not always include partner activities in the contracts.

We found the County and many of the providers did not verify key performance indicators. Each partner had their own process to collecting information on the beneficiaries. Some partners used intake forms and others did not have any, accepting anyone who was interested in participating in the grant program. We found duplicate beneficiaries, individuals whose household exceeded the federal income thresholds, non-Washington County residents receiving benefits, employed individuals with incomes above the allowed moderate-income threshold, and individuals who did not complete the program but were counted in the performance reports.

Additionally, there was no assurance that the data behind the performance reports was complete, accurate, valid, and available, or that the achievements the grants funds paid for through in the contracts had been accomplished.

Recommendations for Finding 3

Recommendation 3-1: Develop a grant monitoring plan

Recommendation 3-1: The County Administrator through the Economic Development program, should create, document, and implement a monitoring plan that gives assurance that the contracted deliverables were achieved.

Recommendation 3-2: Establish, document, and implement processes to collect and verify program data

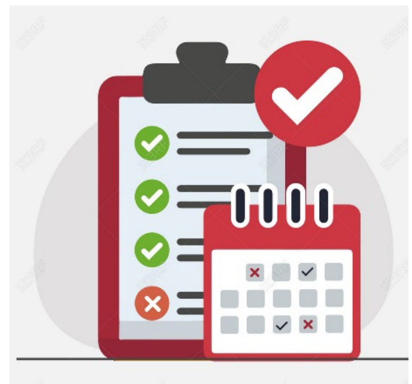
Recommendation 3-2: The County Administrator through the Economic Development program, should establish, document, and implement processes to collect and verify program data to ensure it is complete, accurate, valid, available, and aligns to the program obligations, metrics, and intended beneficiaries.

Finding 4:

Many financial controls were insufficient to give assurance the grant activities and costs were allowable

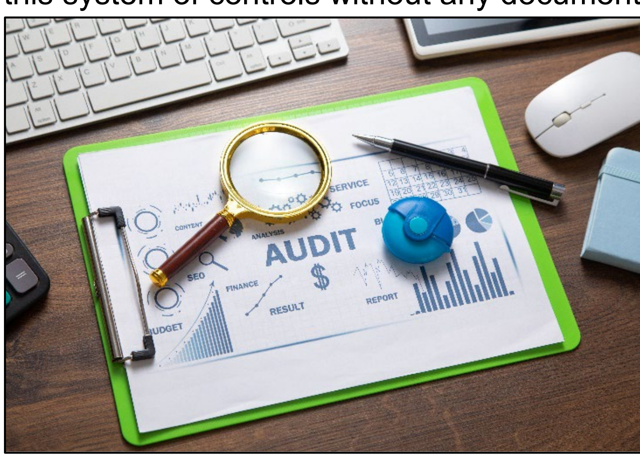
Monitoring spending and having appropriate financial controls are important to ensure money is spent as intended and in accordance with requirements. Both federal regulations and County policy require the County maintain documentation that supports how money spent was in in compliance with requirements, the system of internal controls, and the approach to subrecipient oversight and management.

The workforce development contracts required monthly financial reporting. Partners were required to submit a monthly claim form and provide a general ledger showing the contract budget and actual spending. No other documentation was required unless the County requested additional support. At the end of the program, partners were to provide a final, aggregate financial report, including a summary reconciliation of the grant funds.



When the grant started, the County set up the program controls. Staff in the Finance Department completed a review of the community partner payroll, timecards, and payroll distribution in the general ledger the first time but did not document anything. They indicated there was a level of trust held through the process and after the close out the County would request a federal compliance audit.

This set up was a challenge when new staff in the Economic Development program came onboard in 2023. They inherited this system of controls without any documented procedures.



New staff member reported that while they had some support from Finance, they were also performing their responsibilities without any technical review and approval from the program manager.

We reviewed one month of community partners' financial transactions to determine if the County had reasonable assurance that the costs charged to the grant met federal requirements for allowable activities and costs. Of the seven partners who provided documentation, we found over $19,000 in questioned costs. These costs either did not have sufficient documentation to support the activity or were not chargeable under the County agreement.

In addition, we identified an another approximately $35,000 in costs that were not chargeable because no documentation was provided to support any of the claimed invoices. Two of the nine partners did not provide information, despite multiple requests and acknowledgement of the request. These two partners sent in their documentation several months after our fieldwork was completed.

Indirect costs on certain program costs were taken when not allowed

We found indirect costs to be an area of concern. Indirect costs are common costs that benefit the entire organization and not easily chargeable back to a single project or program. In grants, the indirect rate charged to grant activities can be approved based on a negotiated indirect cost rate agreement between the community partner and federal government or the pass-through entity (the County) and the partner. If there is no negotiated rate, then maximum, allowable rate is 10 percent or what is called the "de minimis." With each one of these rates, and depending the type of organization and cost or distribution base, there are items that the community partner cannot claim as indirect costs.

For example, Institutes of Higher Education (IHE), some non-profit organizations, and partners using the 10 percent de minimis indirect rate must apply the indirect costs rate using what is called the Modified Total Direct Costs (MTDC). This means the indirect rate can be taken on a list of direct salaries, wages, benefits, materials, supplies, travel, and up to the first $25,000 of each subaward. The MTDC excludes a number of items such as equipment, rental costs, tuition remission, scholarships, participant support, and that portion of the subaward in excess of $25,000.

Figure 10: Definition of Modified Total Direct Costs

> *Modified Total Direct Cost (MTDC)* means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Source: 2CFR200 Uniform Administrative Requirements

We had a different professional judgment compared to County staff working on the grant and whether indirect costs could be charged by an IHE for college tuition. County staff insisted the indirect cost were allowable. We met with the IHE community partner, who looked into the issue and agreed with our assessment. They later attempted to make the correction with County; however, the County staff did not allow the change until the partner submitted the question to the authoritative federal agency for a ruling on how indirect costs on tuition should be treated. The U.S. Department of Health and Human Services agreed that indirect costs could not be applied to tuition expenses. This entire process took almost six months before the community partner could make the correction.

Figure 11: Screen shot of community partner tuition and indirect rate calculated based on the tuition.

	Doc#	TranDate	YR	Fund	Orgn	Acct	Prog	ActgAmt	Vendor
2	F0153713	20-Jun-23	23	421523	V40740	1610	25	$ **5,981.71**	HR Payroll 2023 MO 7 0
3									
4	F0153713	20-Jun-23	23	421523	V40740	2210	25	$ (159.41)	HR Payroll 2023 MO 7 0
5	F0153713	20-Jun-23	23	421523	V40740	2210	25	$ 1,574.41	HR Payroll 2023 MO 7 0
6	F0153713	20-Jun-23	23	421523	V40740	2210	25	$ 39.99	HR Payroll 2023 MO 7 0
7	F0153713	20-Jun-23	23	421523	V40740	2310	25	$ 50.46	HR Payroll 2023 MO 7 0
8	F0153713	20-Jun-23	23	421523	V40740	2320	25	$ 448.28	HR Payroll 2023 MO 7 0
9	F0153713	20-Jun-23	23	421523	V40740	2420	25	$ 2.85	HR Payroll 2023 MO 7 0
10	F0153713	20-Jun-23	23	421523	V40740	2610	25	$ 1.26	HR Payroll 2023 MO 7 0
11	F0153713	20-Jun-23	23	421523	V40740	2710	25	$ 41.88	HR Payroll 2023 MO 7 0
12								$ **1,999.72**	
13	J0143867	30-Jun-23	23	421523	V40740	3010	25	$ 100.00	E7752-June Storeroom Charges-C
14	PS202305	31-May-23	23	421523	V40740	3010	25	$ 109.00	E7749 - May Storeroom Charges
15								$ **209.00**	
16	J0143879	29-Jun-23	23	421523	V40740	3896	25	$ 7,605.00	Tuition CG130WCC&FConnect li23
17	F0153713	20-Jun-23	23	421523	V40740	3920	25	$ 43.76	HR Payroll 2023 MO 7 0
18								$ **7,648.76**	
19									
20								$ **15,839.19**	
21							Indirect	$ 1,267.14	
22									
23							**TOTAL**	$ **17,106.33**	
24									

Source: County Auditor's Office

Recommendations for Finding 4

Recommendation 4-1: Improve internal controls over financial and program activities

The County Administrator, through the Economic Development program, should improve internal controls over financial and program activities supported by the federal grant. This includes, for example, obtaining sufficient documentation for all community partners submitted invoices.

Recommendation 4-2: Review and monitor indirect costs

The County Administrator through the Economic Development program, should review, document, track, and correct community partner indirect costs to ensure they are in compliance with federal regulations.

Summary of Audit Recommendations

Based on our findings we recommend the following:

Recommendation 1-1: Develop Countywide grant procedures

The County Administrator, through the Finance Department, should create, document, and implement Countywide grant procedures.

Recommendation 1-2: Update Policy 403 and develop supporting Countywide procedures

The County Administrator, through the Finance Department, should update Contract Administration Policy 403 and assign oversight for the policy. The Department should develop procedures to support the policy.

Recommendation 1-3: Develop a process to ensure contract administration training is completed

The County Administrator, through the Finance Department, should develop a process for ensuring the required training is completed for all contract administrators.

Recommendation 2-1: Align new and modified contracts with Board Direction in the ARPA Framework in addition to federal compliance

The County Administrator, through the Economic Development program, should align new or modified grant contracts with Board direction in the ARPA Framework. This is in addition to federal compliance requirements.

Recommendation 2-2: Develop a new grant risk assessment tool

The County Administrator, through the Finance Department, should develop a new grant risk assessment tool. This tool should include a methodology on the basis for assessment and explanation of the documentation required to back-up the professional judgements made.

Recommendation 2-3: Require documentation on how beneficiaries are eligible

The County Administrator, through the Economic Development program, should incorporate in any new or modified grant contracts, that the partner document beneficiaries' eligibility.

Recommendation 3-1: Develop a grant monitoring plan

The County Administrator through the Economic Development program, should create, document, and implement a monitoring plan that gives assurance that the contracted deliverables were achieved.

Recommendation 3-2: Establish, document, and implement processes to collect and verify program data

The County Administrator through the Economic Development program, should establish, document, and implement processes to collect and verify program data to ensure it is complete, accurate, valid, available, and aligns to the program obligations, metrics, and intended beneficiaries.

Recommendation 4-1: Improve internal controls over financial and program activities

The County Administrator, through the Economic Development Program, should improve internal controls over financial and program activities supported by the federal grant. This includes, for example, obtaining sufficient documentation for all community partners submitted invoices.

Recommendation 4-2: Review and monitor indirect costs

The County Administrator through the Economic Development program, should review, document, track, and correct community partner indirect costs to ensure they are in compliance with federal regulations.

Management's response to these recommendations is included in a letter on page 30 of this document.

Audit Objectives, Scope, and Methodology

Objectives are the goals of the audit.

Objectives:

Objective 1: Determine if ARPA workforce development grant community partners achieved the ARPA funded workforce goals as agreed to in the Washington County contracts.

Objective 2: Determine, through limited testing, whether there is reasonable assurance that costs charged to grants meet federal compliance requirements for allowable activities, allowable costs, and that the community partners maintained documentation supporting the cost and activity.

Scope identifies the audit's boundaries.

Scope and Limitations:

The American Rescue Plan Act Workforce Development audit work began on April 11, 2023 through June15, 2024. Our work focused on the County's ARPA grant for workforce development services, this included administration of the grant and its related contracts with community partners (grant subrecipients), and provider documentation and data.

Two community partners did not provide the financial documentation requested by the County Auditor's Office, in spite of multiple requests, until after the end of our audit fieldwork. Other providers withheld or limited program data which caused delays in audit work.

Methodology describes the work we did to achieve the audit objectives.

Methodology:

To accomplish our objectives, we:

- We interviewed a member of the Board of County Commissioners and an Assistant County Administrator. We interviewed management and staff from the County's Economic Development program, the ARPA Program, Finance Department, and the Office of Equity, Inclusion and Community Engagement. We also interviewed representatives from a government workforce development program and community partner organizations' financial and program staff who were providing services paid for by the federal grant.

- We reviewed federal laws and regulations governing ARPA State and Local Fiscal Recovery Funds (SLFRF) including SLFRF Compliance and Reporting Guidance; Final Rule 31 CFR 35, (Interim, Final and guidance); 2CFR200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; several Office of Management and Budget Memorandums; and the Whitehouse Executive Order on Advancing Racial Equity and Support for Underserved Communities. We communicated with U.S. Department of Labor and participated in several online training and U.S. Treasury updates for ARPA grant management.

- We watched and reviewed ARPA related documentation from Washington County Board of Commissioners meetings and roundtables. We reviewed Washington County Administrative Policies 403 and 210; and procedures and guidance manuals; County contracts with service providers and intergovernmental agreements; and related risk assessments and procurement documents. We obtained and reviewed other jurisdiction's program documentation regarding their workforce development efforts.

- We obtained and examined the partner proposals, contract documents, program and financial documents, and data provided by partners.

- We reviewed Washington County's internal controls over grant contract administration and identified the results of these controls in the audit. These controls focused on the control environment, control activities, monitoring, and information and communication.

Compliance with Audit Standards

We conducted this performance audit in accordance with generally accepted government auditing standards, except that we have not had an external peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

November 14, 2024

Kristine Adams-Wannberg, County Auditor
Washington County Auditor's Office
221 S First Avenue
Hillsboro, OR 97123-3901

Dear Ms. Adams-Wannberg,

This letter provides a written response to the County Auditor's final draft audit report titled: American Rescue Plan Act (ARPA) Workforce Development Grant: Lessons learned show the County needs to improve accountability of results and spending, dated December 2024.

In 2020, COVID 19 swept across the world with devastating impacts. In response, governments jumped into action, trying to stem the impacts on both people's health and the world economy. As a part of this response, the United States Federal Government passed multiple financial packages to support communities in crisis. This report addresses one of these funding sources, ARPA, and the disbursement of a limited number of these funds to support the small businesses and workers effected by the pandemic.

Below is our detailed response to each recommendation in the audit.

Recommendation 1-1: Develop Countywide grant procedures.

The County Administrator, through the Finance Department, should create, document, and implement Countywide grant procedures.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree	18-24 months	CFO [TBD]
Narrative response: The County will develop grant policies and procedures through new staffing resource, Grants Administrator. This is an ARPA position, funded through December 2026.		

Recommendation 1-2: Update Policy 403 and develop supporting countywide procedures. The County Administrator, through the Finance Department, should update Contract Administration

Policy 403 and assign oversight for the policy. The Department should develop procedures to support the policy.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree with conditions	18-24 months	CFO [TBD]
Narrative response: The County will review existing policy and update or remove accordingly.		

Recommendation 1-3: Develop a process to ensure contract administration training is completed.

The County Administrator, through the Finance Department, should develop a process for ensuring the required training is completed for all contract administrators.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree	18-24 months	CFO [TBD]
Narrative response: The County will develop compliance oversight on required training for contract administration.		

Recommendation 2-1: Align new and modified contracts with Board Direction in the ARPA Framework in addition to federal compliance.

The County Administrator, through the Economic Development program, should align new or modified grant contracts with Board direction in the ARPA Framework. This is in addition to federal compliance requirements.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree	3 months	Faiza Noor, Pandemic Recovery Analyst and Alisa Brossia, Management Analyst II, Economic Development.
Narrative response: The County believes it has aligned grant contracts to the ARPA Framework. Should there be new or modified grant contracts, the County will again review the contracts against the ARPA Framework.		

Recommendation 2-2: Develop a new grant risk assessment tool.

The County Administrator, through the Finance Department, should develop a new grant risk assessment tool. This tool should include a methodology on the basis for assessment and explanation of the documentation required to back-up the professional judgements made.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree	18-24 months	CFO[TBD]
Narrative response: The County will develop grant policies and procedures through new staffing resource, Grants Administrator.		

Recommendation 2-3: Require documentation on how beneficiaries are eligible.

The County Administrator, through the Economic Development program, should incorporate in any new or modified grant contracts, that the partners document beneficiaries' eligibility.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree	3 months	Alisa Brossia, Management Analyst II and Ann Ober, ACA
Narrative response: The County does not expect to have any further grants using ARPA funds that would meet this requirement.		

Recommendation 3-1: Develop a grant monitoring plan.

The County Administrator through the Economic Development program, should create, document, and implement a monitoring plan that gives assurance that the contracted deliverables were achieved.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree with conditions	18-24 Months	Alisa Brossia, Management Analyst II and Ann Ober, ACA
Narrative response: The County's Economic Development program will improve the monitoring plan with consistent and timely application to all recipients through the implementation of improved internal controls, resulting in increased assurance that program deliverables are achieved. The program will adhere to county-wide grant management policies, processes, and procedures that are to be developed and implemented through the Finance Department. Outcomes associated with these projects will be included in ARPA reporting.		

Recommendation 3-2: Establish, document, and implement processes to collect and verify program data.

The County Administrator through the Economic Development program, should establish, document, and implement processes to collect and verify program data to ensure it is complete, accurate, valid, available, aligns to the program obligations, metrics, and intended beneficiaries.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree with conditions	18-24 Months	Alisa Brossia, Management Analyst II and Ann Ober, ACA
Narrative response: The County agrees that processes to collect and verify programmatic data should be in place. The Economic Development program will adhere to county-wide grant management policies, processes, and procedures that are to be developed and implemented through the Finance Department, including verification specifics.		

Recommendation 4-1: Improve internal controls over financial and program activities.

The County Administrator, through the Economic Development Program, should improve internal controls over financial and program activities supported by the federal grant. This includes, for example, obtaining sufficient documentation for all community partners submitted invoices.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Agree	18-24 months	Ann Ober, ACA
Narrative response: Economic Development will work with Finance to determine additional controls for financial and program activities.		

Recommendation 4-2: Review and monitor indirect costs.

The County Administrator through the Economic Development program, should review, document, track, and correct community partner indirect costs to ensure they are in compliance with federal regulations.

Management Response		
Agree or Disagree with Recommendation	**Target date to complete implementation activities**	**Name of specific point of contact for implementation**
Disagree		
Narrative response: The County had approved the questioned indirect costs based on a federally negotiated indirect rate letter from the sub-recipient and followed all appropriate regulations and guidance to resolve the questioned costs in compliance with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The County will amend its process should we receive further guidelines from the federal agencies.		

Please contact Ann Ober at 971-217-0855 with any questions.

Sincerely,

Tanya Ange

Tanya Ange
County Administrator

About the Washington County Auditor’s Office

The Washington County Auditor’s Office conducts performance audits that provide accountability to the public and improve County programs, services, and operations. In conducting audits, the County Auditor's Office follows professional auditing standards that require a high level of independence, objectivity, sound professional judgment, and regular quality assurance reviews.

The County Auditor is elected countywide and operates independently of the Board of County Commissioners and the County Administrator. The Auditor answers directly to Washington County residents and determines the programs and services to be audited.

Our Mission

To promote better government accountability, public policy, and County services through impactful audits and analysis.

Audit Team

- Kristine Adams-Wannberg, County Auditor
- Sherry Kurk, Senior Management Auditor, Auditor-in-Charge
- Fiona Howell Earle, Senior Management Auditor, Quality Control Reviewer